

KZN235 OKHAHLAMBA LOCAL MUNICIPALITY

2018/2019 FINAL BUDGET



Okhahlamba Local Municipality
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INTRODUCTION

Section 24(1) of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) states that, the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget

Section 24(2) further states that, an annual budget:

- (a) must be approved before the start of the budget year;
- (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i);
and
- (c) must be approved together with the adoption of resolutions as may be necessary-
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development Plan and
 - (v) approving any changes to the municipality's budget-related policies.

Section 24(3) states that, the accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

Regulation 9 of the Municipal Budget and Reporting Regulations (MBRR) further prescribes that the annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168 (1) of the act.

MAYOR'S REPORT**MAYORAL 2018/2019 FINAL BUDGET SPEECH**

Honourable Speaker, Cllr. S. A. Zulu

Deputy Mayor of Okhahlamba Municipality Cllr. T. G. Ngozo

Members of the Council of Okhahlamba

Councillors present

Officials, all protocol observed

Greetings to all

Chairperson, Mr Speaker, I would like to greet you and all members of the council and officials, and I hereby present Final Budget for 2018/2019 financial year as outlined in the Municipal Finance Management Act. (MFMA, Section 24 of MFMA in relation to the Approval of the Annual Budget).

I would like to highlight the following items:

Revenue:

	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2018/19	2019/20	2020/21
Operating Revenue	174,738 000	184,174 000	194,119 000

Expenditure:

	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2018/19	2019/20	2020/21
Operating Expenditure	183,018 000	192,901,000	203,317 000
Capital Expenditure	35,475 000	28,304,000	29,710,000
Total Expenditure	218 493 000	221 205 000	233 027 000

SERVICE DELIVERY OBJECTIVES

Section 152(1) (b) of the Constitution stipulates the objectives of Local Government, which is to ensure the provision of services to communities in a sustainable manner.

Section 153(a) of the Constitution further states that a Municipality must structure and manage its administration and budgeting and planning processes to give priority to basic needs of the community, and to promote the social and economic development of the community.

In order to fulfil the objective section 152 of the Constitution, Okhahlamba Municipality has provided a budget relating to Free Basic Services below:

	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2018/19	2019/20	2020/21
Service charges: Refuse	2 254 000	2 376 000	2 504 000
Free Basic Electricity	1 134 000	1 195 000	1 260 000

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. Okhahlamba will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

Free Basic Electricity is offered to households who are considered to be indigent and are included in the Indigent register which is updated regularly as per the Municipal Indigent Policy

South Africa has an unemployment rate of 26.7 (January 2018), this calls for significant economic transformation to eradicate poverty, the Municipality has budgeted an amount of R 5.15 Million for SMME and Co-operatives. This will be supported by the Expanded Public Works Programme allocation amounting to R 2.43 Million. The Municipal Supply Chain Management Policy has been reviewed to include Local Economic Developments measures.

LINKAGES BETWEEN ANNUAL BUDGET AND IDP

Honourable Speaker and Councillors, this report reflects the wishes and aspirations of the people of Okhahlamba and it is aligned with the priorities set by Treasury (circular 66 & 67) and it is in line with the Okhahlamba SDBIP and IDP priorities which according to my administration's point of view should be implemented at a Local Level after considering the needs of the Community and consultation with Uthukela District Municipality.

INFRASTRUCTURE DEVELOPMENT OBJECTIVES

The Okhahlamba Municipality has infrastructure backlogs, in addressing the problem the Municipality has allocated R 27.8 million for Infrastructure development which will be funded through Municipal Infrastructure Grant.

I would like to grant council members a chance to look into the content and more details are contained in the attached reports.

As I conclude I would like council members to have in mind the need to provide quality services to our community when considering the final budget, I thank you for this wonderful opportunity granted to me to present this report to the Council of Okhahlamba.

I thank you.

RESOLUTION

On the 30 of May 2018 the Council of Okhahlamba Local Municipality met in the Council Chambers of Okhahlamba Municipality to consider the 2018/2019 final budget. The council approved and adopted the following resolutions:

2.1. The Council of Okhahlamba Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act (Act 56 of 2003) approves and adopt:

- Provincial Treasury comments on 2018/2019 draft budget
- Responses to Provincial Treasury comments on 2018/2019 draft budget
- 2018/2019 final budget
- Schedule of Service Delivery Standards Table
- 2018/2019 budget related policies

EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Okhahlamba financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Okhahlamba business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

Before we focus on the budget, information relating to councillors, executive committee and Management Committee is provided below:

EXECUTIVE COMMITTEE

DESIGNATION	SURNAME & INITIALS
Mayor	Cllr. M. G. Ndlangisa
Deputy Mayor	Cllr. T. G. Ngozo
Executive Committee Member	Cllr. K. I. Hadebe
Executive Committee Member	Cllr. T. A. Sigubudu
Executive Committee Member	Cllr. B. M. Dlamini

COUNCIL

DESIGNATION	SURNAME & INITIALS
Mayor	Cllr. M. G. Ndlangisa
Deputy Mayor	Cllr. T. G. Ngozo
Speaker	Cllr. S. A. Zulu
Councillor	Cllr. E. N. N. Bengu
Councillor	Cllr. M. J. Hadebe
Councillor	Cllr. M. H. Msimanga
Councillor	Cllr. Z. S. Khoza
Councillor	Cllr. S. R. Mlambo

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DESIGNATION	SURNAME & INITIALS
Councillor	Cllr. K. S. Dladla
Councillor	Cllr. K. I. Hadebe
Councillor	Cllr. M. P. Vilakazi
Councillor	Cllr. P. P. Sigubudu
Councillor	Cllr. M. M. S. Vilakazi
Councillor	Cllr. K. Simelane
Councillor	Cllr. P. A. M. Mfuphi
Councillor	Cllr. T. A. Sigubudu
PR	Cllr. B. M. Dlamini
PR	Cllr. M. I. Dlamini
PR	Cllr. S. Ndimande
PR	Cllr. T. D. J. Van Rensburg
PR	Cllr. I. M. Buthelezi
PR	Cllr. K. Langa
PR	Cllr. S. M. Hlongwane
PR	Cllr. S. M. Buthelezi
PR	Cllr. J. E. Ngubuka
PR	Cllr. N. A. Mdakane
PR	Cllr. F. E. Buthelezi
PR	Cllr. R.K. Hlongwane
PR	Cllr. S. C. Hadebe

MANAGEMENT COMMITTEE MEMBERS

DESIGNATION	SURNAME & INITIALS
Municipal Manager	SD Sibande
Chief Financial Officer	YP Joyi
Director: Technical Services	SN Malinga
Director: Social and Community	T Mazibuko

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DESIGNATION	SURNAME & INITIALS
Director: Corporate	GM Mohlokoana
Manager: Legal Advisor	Z Motala
Manager in the Office of the Mayor	Vacant
Maintenance Manager	MK Hlatshwayo (acting)
Thusong Centre Manager	ZA Zikode
Internal Audit Manager	S Dlamini
IDP/PMS Manager	S Nene
Protection Services Manager	TN Langa
Finance Manager	TE Gambu
IT Manager	ITM Makhubu
Senior Accountant	NP Ntuli
Accountant Expenditure and Reporting	N Nene
Accountant Income	Vacant
Accountant Assets	BK Mthombeni
Senior LED Officer	HP Ndaba
SCM Officer	T Maphalala (Acting)
Housing Officer/ Building Inspector	AP Nkosi
Waste Management Officer	XA Kheswa

EFFECTS OF THE ANNUAL FINAL BUDGET (FINANCIAL AND SERVICE DELIVERY IMPLICATIONS)

Okhahlamba Municipality is grant reliant since 76% of total revenue (operating and capital) is made up grants, this implies that the Municipality might not be able to provide service delivery as much as it would like considering the financial constraints, however the Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Okhahlamba has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

For Okhahlamba Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult

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choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The table below shows property rates budget:

Description	2018/19	2019/20	2020/21
R thousands	000	000	000
Property rates	32,120	33,854	35,682

The tables below show Municipal tariffs:

PROPERTY RATES

Description	TARIFF 2017/2018	TARIFF 2018/2019	Impermissi ble rebates	Additional rebates
Residential, Sectional Title Residential,	.00831	.00874	R124.65 p/a	20% sectional title residential R85,000 on m/v
Rural Residential, Residential Small Holding	.00831	.00874	R124.65 p/a	20% R85,000 on MV
Business & Commercial, Rural Business And Commercial	.00831	.00874	0	20% on application led development
Industrial	.00831	.00874	0	20% on application led development
Public Service Infrastructure	.00208	.020500	100%	
Agricultural And Agricultural Small Holding	.00208	.00219	0	20% 30% Disaster relief on application
Municipal Properties Non Leased Municipal Properties	.00831	.00874	0	100%
Municipal Properties Binden By Lease Agreement	.00831	.00874	0	20%
Privately Developed Estates	.00831	.00874	0	20%
Properties For Religious Use	.00831	.00874	0	100%
Communal land	.00831	.00874	0	100%
Rural Communal Land	.00831	.00874	0	100%
Education Facilities	.00831	.00874	0	

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Description	TARIFF 2017/2018	TARIFF 2017/2018	Impermissi ble rebates	Additional rebates
State Owned Properties	.00831	.00874	0	
Tourism And Hospitality Rural	.00831	.00874	0	20%
Tourism And Hospitality Urban	.00831	.00874	0	20%
State Services Property	.00831	.00874	0	
VACANT LAND (Residential)	.00831	.01038	0	No rebate
Public Service Purpose	.00831	.00874	0	
Public Benefit Organisation	.00831	.00874	0	100%
Vacant Land (Commercial)	.01038	.01038	0	No rebate

Tariffs increased by 5.2% from 2017/18 to 2018/19

REFUSE CHARGES

Description	TARIFF 2017/2018 EXCL VAT R'	TARIFF 2018/2019 EXCL VAT R'
Fixed monthly residential	103.40	108.78
Fixed monthly commercial	214.65	225.81
Dump site deliveries per load ldv and smaller	196.92	207.16
Garden refuse per load	196.92	207.16
Dump site deliveries per load ldv ldv and trailer	393.82	414.30
Dump site deliveries more than ldv and trailer	500.00	526.00

Tariffs increased by 5.2% from 2017/18 to 2018/19

INTEREST

Description	TARIFF 2017/2018 INCL VAT R'	TARIFF 2018/2019 INCL VAT R'
Interest on overdue rates and services	18%	18%

TOTAL OPERATING REVENUE

	2018/19 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2018/19	2019/20	2020/21
Operating Revenue (excluding capital grants)	174,738 000	184,174 000	194,119 000

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The Municipality has the following allocations:

Description	2018/19 R '000	2019/20 R '000	2020/21 R '000
EQUITABLE SHARE	110 874	122 106	131 270
INTEGRETED NATIONAL ELECTRIFICATION PROGRAMME	7 984	5 000	6 400
FINANCE MANAGEMENT GRANT	1,900	1,900	1,900
EPWP	2 432	-	-
PROVINCIALISATION OF LIBRARIES	1,676	1,760	1,848
MUSEUM SUBSIDY	192	202	213
COMMUNITY LIBRARY SERVICES GRANT	779	834	893
MIG	27 795	28 305	29 710

Operating Expenditure:

Description	Adjustment Budget	2018/19	2019/20	2020/21
R thousands	000	000	000	000
Employee costs	63,943	80,711	85,069	89,663
Remuneration of councillors	10,220	10,220	10,772	11,354
Other expenditure	31,079	33,232	35,027	36,918

Employee related increased by 26%, which is due to the 7% increment applied for filled post with remainder of the increase being due to vacant post expected to be filled in 2018/2019 and change in the grade of the municipality from grade 1 to grade 3. Salaries relating to outer years are expected to increase by 5.4% each year.

Remuneration of councillors was not increased, since the Municipality budgeted for actual cost approved in accordance with Government Gazette on Remuneration of Public Office Bearers Act: Determination of Upper Limits of salaries, Allowances and Benefits of different members of municipal council as advised in MFMA Circular No. 91.

The municipality implemented cost cutting measures on contracted services which has resulted in 23% decrease in this line item. For breakdown of contracted services please refer to Table SA1 in Annexure B.

PAST PERFORMANCE

The budget does not have any impact of previous year audited results and annual report.

MUNICIPAL PRIORITIES AND LINKAGES TO THE IDP

The Municipal IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2018/19 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

KEY AMENDMENTS TO BUDGET RELATED POLICIES

Tariff Policy is amended to incorporate the 5.2 % increase in Municipal tariff which is below CPI.

Supply Chain Management Policy is amended to accommodate radical economic transformation through Local Economic Development (SMMES and Co-ops) in order to eradicate poverty and unemployment.

ANNUAL BUDGET TABLES

ANNEXURE A attached

PART 2: SUPPORTING DOCUMENTS

OVERVIEW OF ANNUAL BUDGET PROCESS

Section 34 of the Municipal Systems states that: a municipal council-

(a) Must review its integrated development plan—

(i) Annually in accordance with an assessment of its performance measurement in terms of section 4 i; and

(ii) to the extent that changing circumstances so demand; and

(b) May amend its integrated development plan in accordance with a prescribed process.

ESTABLISHED INTERNAL STRUCTURE WITH ROLE PLAYERS AND RESPONSIBILITIES

a) OKHAHLAMBA MUNICIPAL COUNCIL

The Okhahlamba Municipal Council is formed by 15 ward councillors and fourteen Party Representatives Councillors, the responsibility of the Council in the IDP Development is to:

- To adopt a process plan;
- Be responsible for the overall management and coordination of the planning process;
- Adopt and approve the final IDP; and
- Ensure that annual business plans, budget and related development activities are based on approved IDP.

b) OKHAHLAMBA EXECUTIVE COMMITTEE

The Executive Committee is formed by five Councillors and it is therefore responsible for:

- Managing the IDP development through the Municipal Manager;
- Ensure legislative compliance by recommending the IDP review process to the Council;
- Recommending the IDP revision and adoption to the Council;
- The Mayor, as an Executive Committee Chairperson is also responsible for chairing the IDP Representative Forum; and
- Allocate resources for reviewing the IDP.

c) IDP STEERING COMMITTEE

As part of the IDP Preparation Process, Council resolved to establish an IDP Steering Committee which is formed by all HOD's and other Senior Officials, their responsibility is to:

- -Prepare the IDP Review Process Plan;
- Identify resource people;
- Coordinate and manage the components of the planning process, including Stakeholders meetings, Meeting deadlines, Horizontal and Vertical alignment, Compliance with National and Provincial requirements;
- Provide terms of reference for all reviewing and planning activities;
- Commission IDP planning studies, programs and projects;
- Process, summarize and document outputs from subcommittees, teams, etc.;
- Recommend amendments to the contents of the IDP;
- Prepare, facilitate and document meetings and workshops;
- Ensure alignment and participation in the determination and prioritization of plans and programs in the spirit of cooperative governance.

Section 16(1) of the Municipal Systems Act 2000 states that municipality must develop a culture of municipal governance that complements formal representation. This means that a municipality must create conditions for the local community to participate in its affairs, including the involvement of the community in the preparation, implementation and review of IDP's. Community based Planning (CBP) is considered the preferred form of participatory planning designed to promote community action and to link IDP as it provides a mechanism for entrenching participatory planning and management at ward level. To this effect, the Department invested and rolled out a massive programme to introduce municipal officials to CBP. Community Based Planning will now form the basis at community involvement in the development of IDPs.

Four major functions can be aligned with the public participation process, namely:

- Needs identification;
- Identification of appropriateness of proposed solutions;
- Community ownership and buy-in; and
- Empowerment.

WARD COMMITTEES

- Ward committees are utilised as communicating agents to the community;
- They were and continuously trained on IDP, BUDGET and PMS and also on the reporting style, further they seat on IDP Forums and participate in all strategic Workshops of the Municipality; and
- Provision of secretarial during IDP public meetings.

IDP REPRESENTATIVE FORUM

This forum will represent all stakeholders and will be as inclusive as possible. Efforts will be made to bring additional organisations into the IDP RF and ensure their continued support and participation throughout the process.

ROAD SHOWS / PUBLIC HEARINGS

- The venues of these meetings will be publicized at the IDP RF as well as through the media; - There are 08 sessions of Public Participation Meetings scheduled for the April of IDP/ Budget Road shows;
- For the maximum community participation the municipality will hold road shows in a cluster of wards and the community will be transported to the road shows.

MEDIA

Community radio stations will be utilised to make public announcements where necessary and depending on financial availability;

- Flyers-to be distributed in Public Facilities;
- Local Newspapers are commonly used to advertise dates and venues of meetings and other notices; and
- Word of mouth-we rely more on ward committees.
- Any persons that cannot read or write may come to the municipality to have their comments/ representations transcribed for them as contemplated in Section 17 of the MSA.

SCHEDULE OF KEY DEADLINES

CALENDAR A IDP REPRESENTATIVE FORUM		
DATE	VENUE	TIME
2nd QUARTER – OCTOBER 2017	MUNICIPAL COUNCIL CHAMBER	11H00
4th QUARTER – APRIL 2018	MUNICIPAL COUNCIL CHAMBER	11H00

IDP/BUDGET ROAD SHOW**PROGRAMME – 2018-2019**

WARD/S	VENUE	IDP ROADSHOWS	TIME	PEOPLE ATTENDING
1,2,3,14	Khetani Community Hall	24/4/2018	10H00	ALL MANAGEMENT/ALL COUNCILLORS/ PUBLIC PARTICIPATION/ COMMITTEE

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WARD/S	VENUE	IDP ROADSHOW S	TIME	PEOPLE ATTENDING
04, 05, 08, 10 (Rookdale & Farms)	Hoffental Communi ty Hall (next to Tabhane High School)	24/04/2018	14H00	ALL MANAGEMENT/ALL COUNCILLORS/ PUBLIC PARTICIPATION/ COMMITTEE
09, 06, 07, 10 (Langkloof and farms)	Nhlanhle ni Communi ty Hall	25/04/2018	10H00	ALL MANAGEMENT/ALL COUNCILLORS/ PUBLIC PARTICIPATION/ COMMITTEE
11, 13, 15	Acton Homes Communi ty Hall	25/04/2018	14H00	ALL MANAGEMENT/ALL COUNCILLORS/ PUBLIC PARTICIPATION/ COMMITTEE
12	Potshini Communi ty Hall	26/04/2018	10H00	ALL MANAGEMENT/ALL COUNCILLORS/ PUBLIC PARTICIPATION/ COMMITTEE
Cathkin Valley Ratepayers Association	Champag ne Sports Resort	02/05/2018	12H00	ALL MANCO, PP
Winterton Ratepayers Association	Khetani Communi ty Hall	02/05/2018	17H00	ALL MANCO, PP
Bergville and Geluksburg Ratepayers Associations	OLM Council Chamber	03/05/2018	17H30	ALL MANCO, PP
Farmers Associations	OLM Executive Boardroo m	03/05/2018	14H00	ALL MANCO, PP
Amakhosi and Government Departments	OLM Council Chamber	04/05/2018	10H00	ALL MANCO, PP

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

ALIGNMENT WITH STAKEHOLDERS

HORIZONTAL ALIGNMENT AND VERTICAL ALIGNMENT

- **FRAMEWORK PLAN:** In terms of Chapter 5 Section 26 of the Municipal Systems Act (2000), Districts are required to prepare and adopt a framework plan which indicates how the District and Local Municipalities will align their IDP's;
- The Framework Plan provides the linkages and the binding relationship to be established between the District and the Locals in the region, therefore proper consultation, coordination and the alignment of the review process of the district municipality and family of municipalities can be maintained.
- **ALIGNMENT WITH SERVICE PROVIDERS:** The District and local municipality are responsible to ensure the alignment between the district and local planning through the District IDP Forum, Local IDP Forum and one on one meetings with sector departments and the family of municipalities in uThukela.

ACCROSS BOARDER ALIGNMENT

- In this IDP Review Process, the municipality will be aligning its development plans with the nearby municipalities on development corridors.

TYPE OF ALIGNMENT MECHANISM

IDP REPRESENTATIVE FORUM

- The IDP Representative Forum was established to align activities of different government departments with the plans of the local municipality. Such forum enables the municipality to integrate all programmes in the municipal IDP. And it also helps to involve all stakeholders at a planning stage in order to avoid the previously called "white elephants" projects.

LED & TOURISM FORUM

- Relevant government departments and other stakeholders seat in this forum to discuss matters concerning Local Economic Development.

DISTRICT IDP FORUM

- The Local Municipality representatives and District Municipality seat on the District IDP Forum to align their programmes and or planning activities for that particular financial year

MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

KZN235 Okhahlamba - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2018/19 Medium Term Revenue & Expenditure Framework
		Budget Year 2018/19
Technical		
Economic and environment services		
Project Management Unit		
	% spent	100.0%
<i>Achieve 100% spending on capital transfers</i>		
Solid Waste Removal		
	% of households with access	100.0%
<i>Households with access to solid waste disposal</i>		
Regional Planning and Development		
	% spent	100.0%
<i>Repairs and Maintenance of assets</i>		
Energy		
Electricity		
	% spent	100.0%
<i>Achieve 100% on electrification grants</i>		
Electricity		
	amount spent on FBE	100.0%
<i>access to free basic electricity</i>		
LED		
	no. of jobs created	321.
<i>Jobs created through capital projects</i>		
Finance		
Finance and Administration		
Finance		
	% collection	74.0%
<i>% of cash collected from customers against billing</i>		
Assets Management		
	number of fixed assets register updates	4
<i>Update Fixed Assets Register</i>		
Finance		
	% spent	100.0%
<i>% spent on capital budget</i>		

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Description	Unit of measurement	2018/19 Medium Term Revenue & Expenditure Framework
		Budget Year 2018/19
Economic and Environment services		
LED		
Enhance revenue collection operation of the licensing center	amount collected	100.0%
Finance		
Cost coverage ratio	number of months	3 months
Finance		
Performamnce audit reports	number of performance audit reports	4
Corporate		
Finance and adminstration		
Human Resource		
Provide Trainings	number of training provided	10
Human Resource		
Implementation of employment Equity Plan	% of target group employed	100.0%
Sub-function 3 - (name)		
Sign Performance agreements	number of signed performance agreements	5
Economic and Environment services		
LED		
SMMEs and Co-ops supported	number of SMMEs and Co-ops	28
Police Forces, Traffic and Street Parking Control		
Scholar Patrol	Attendance Register	100.0%
Other Social		
Ward Committee Meetings	Number of Meetings	180
And so on for the rest of the Votes		

OVERVIEW OF BUDGET RELATED POLICIES

Following is a list of budget related policies:

- Credit Control and Debt Collection Policy
- Indigent Support Policy
- Property Rates Policy
- Tariff Policy
- Unallocated Revenue Policy
- Supply Chain Management Policy
- Budget Policy

The budget related policies can be obtained from the municipal offices, no: 259 Kingsway street, Bergville, 3350 and also on municipal website. okhahlamba.gov.za.

Tariff Policy is amended to incorporate the 5.2% increase in Municipal tariff which is below CPI.

Supply Chain Management Policy is amended to accommodate radical economic transformation through Local Economic Development (SMMES and Co-ops) in order to eradicate poverty and unemployment.

OVERVIEW OF BUDGET ASSUMPTIONS

In the compilation of the 2018/19 MTREF, the following influencing factors were taken into account:

PROPERTY RATES

Property rates tariff will be increased by 5.2 %

Property rates calculation and reconciliation will be submitted as supporting documents.

REFUSE REMOVAL

Refuse removal tariff will be increased by 5.2% from (R103.40 to 108.78) for residential and (214.65 to 225.81) for commercial.

Calculations will be submitted together with the budget.

RENTAL OF FACILITIES

The municipality entered into a new lease, to lease out Fresh Produce centre:

The municipality also lets the public to use halls at a fee.

FINES, PENALTIES AND FORFEITS

Interest on overdue accounts

Interest on overdue account remained unchanged at 18% in the tariff policy however an increase of 5.2% was applied in the 2018/2019.

EXPENDITURE

Remuneration of Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation (December 2017) in this regard has been taken into account in compiling Okhahlamba Local Municipality approved budget.

Employee related costs

Okhahlamba staff benefits for the 2018/19 Budget is informed by the following:

Organogram with vacant posts expected to be filled within 2018/2019 Financial year

An increment of 7% was used from 2018/2019 adjustment salary benefits

The municipal grade changed from grade 1 to grade 3 and this has affected the salary budget.

Other benefits were budget using the following:

UIF = 1% of salary limit 148.72

SDL = 1% of Salary

Pension and Provident fund maximum option = 31 % and 13.65% respectively on basic salary

Salaries workings together with the organogram will be submitted as supporting documents.

Repairs and Maintenance:

- The asset renewal strategy and the repairs and maintenance plan;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made

The loan raised in 2017/18 was used to purchase plant and machinery, the municipality has a fully functional maintenance section (infrastructure and Buildings) section. The planned plant and machinery will help this section in fulfilling its objectives which is service delivery. This implies that the repairs and maintenance budget will suffice. The section has labour, it purchases materials (e.g. storm water pipes, kerbs, cold mix etc.) and also uses fuel.

DEBT IMPAIRMENTS

Debt impairment was budgeted for using 49% gross debtors balance since there municipality debtors' balance is increasing drastically over the years and the municipality only collects 72% as per the collection rate. This alone is an indication for impairments.

The municipality opted for this rate because there are ongoing engagement with Department of Public Works to settle its debts, the engagements have been fruitful. The municipality will be implementing a recently developed debt collection strategy and anticipate a positive spinoff in the collection of outstanding debtors.

DEPRECIATION AND ASSETS IMPAIRMENTS

The municipality ran depreciation report for 2017/18 financial year with assets already in the FAR and it amounted to R 16,476,673.92.

The municipality also made an additional provision for depreciation amounting to R 2 858 275 since it had the following:

Work in Progress as at 30 June 2017 = R 39 767 432.

2017/18 Capital Budget = 82,858,109.10

2018/2019 Capital Budget = 35,475 000

Finance Charges

The municipality will be paying out interest of R1 786 301 for the R 20 ml loan in June 2019.

The municipality will also be paying out interest of R 77,282.95 for finance leases

Rounded off to R 1 900 000

Other Expenditure:

General expenditure were budgeted for using zero based budgeting where every department function is reviewed comprehensively and each expenditures must be approved, rather than increased.

It requires the budget request to be justified in complete detail by each department rather than just increasing its expenditure from the previous year

CASH FLOW

Receipt

Property rates

The average collection rate is 72% therefore the property rate and service charges collection is budgeted for using 72% collection rate.

Other revenue

Other revenue are cash transaction except for traffic fines which are budgeted for at 72% collection from the figure in table A4.

All cash transactions (excluding depreciation and debt impairment) has been included with the assumption 100% of cash transactions will be paid including capital expenditure.

Repayment of Borrowings:

The Municipality will make the following capital repayments:

ABSA 20 ml loan = R 5 193 930 – R 1 786 301 = R 3 407 629.

Existing Finance Leases = R 1 715 376 (2016/17 Audited AFS)

OVERVIEW OF BUDGET FUNDING

Summary of the funding of operating and capital expenditure.

Operating activities:

Operating revenue = R 174,738 000

Operating Expenditure = R 183,018 000

Deficit = R 8,280 000

The municipal grade changed from grade 1 to grade 3 and this has affected the salary budget (hence the deficit), the Accounting Officer and the Chief Financial Officer will monitor the spending of the budget and avoid spending on nice to have items. The municipality cannot avoid the deficit as per circular 72, however the budget is funded because the municipality has favourable cash flow (i.e. Opening Cash balance).

Capital Activities:

Capital revenue = R 35,475 000

Capital Expenditure = R 35,475 000

Capital expenditure is funded through:

Municipal Infrastructure Grant = R 27 795 000

Surplus Cash = R 7,680,000.00

The municipality has a backlog on infrastructure (i.e. few existing infrastructure), therefor the focus is on creating new infrastructure, because the existing infrastructure is fairly new and because the Municipality does not have Electricity and Water and Sanitation function, the municipality main infrastructure is roads and community halls).

EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

The tables below discloses expenditure on allocations and grant programmes:

Description	MUNICIPAL INFRASTRUCTURE GRANT
Allocation	27 795 000
Planned Expenditure	
Makekeni Gravel Road	3 070 050
Ezimbokodweni Gravel Road	3 000 000
Masenga Gravel Road	2 100 000
Ndunwane Community hall	3 547 736
Qhozo Gravel Road Rehabilitation	4 000 000
Bergville Tarred Road	6 000 000
Bergville Sport Complex	6 077 214
Total Expenditure	27 795 000
Unspent (allocation less expenditure)	-

Description	FINANCE MANAGEMENT GRANT
Allocation	1,900,000.00
Planned Expenditure	
Finance Interns Salaries	800,000.00
Municipal Standard Chart of Account support	500,000.00
Municipal Standard Chart of Account IT equipment	200,000.00
MFMP	200 000.00
Quality Assurance and support	200 000.00
Total Expenditure	1,900,000.00
Unspent (allocation less expenditure)	-

Description	EXPANDED PUBLIC WORKS PROGRAMME
Allocation	2,432,000.00
Planned Expenditure	
Co-ops	2,432,000.00
Total Expenditure	2,432,000.00
Unspent (allocation less expenditure)	-

Description	PROVINCIALISATION OF LIBRARIES
Allocation	1,676,000.00
Planned Expenditure	
Salaries	1,676,000.00
Total Expenditure	1,676,000.00
Unspent (allocation less expenditure)	-

2018/2019 FINAL BUDGET

Description	MUSEUM SUBSIDY
Allocation	192,000.00
Planned Expenditure	
Salaries	192,000.00
Total Expenditure	192,000.00
Unspent (allocation less expenditure)	-

Description	CYBER CADETS SUBSIDY
Allocation	779,000.00
Planned Expenditure	
Salaries	779,000.00
Total Expenditure	779,000.00
Unspent (allocation less expenditure)	-

Description	INTEGRETED NATIONAL ELECTRIFICATION PROGRAMME
Allocation	7,984,000.00
Planned Expenditure	
Ward 1, Ward 2 and Ward 3	7,984,000.00
Total Expenditure	7,984,000.00
Unspent (allocation less expenditure)	-

ALLOCATIONS OR GRANT MADE BY THE MUNICIPALITY

Municipality will not make any allocation or grant to other municipalities or any other organ of state.

COUNCILLORS AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Summary of councillors allowances:

Description	2018/19 MTREF		
	BUDGET YEAR 2018/19	BUDGET YEAR 2019/20	BUDGET YEAR 2020/21
201 Salaries	8,873,559.96	9,361,605.47	9,876,493.95
214 Allowance Cell phone	1,287,600.00	1 358 418	1 433 131
Travel allowance	59,405.04	62 672	66 119
TOTAL	10,220,565	10,772,476	11,351,189

Summary of employee benefits for the municipal manager senior managers

SALARY	MUNICIPAL MANAGER	CHIEF FINANCE OFFICER	DIRECTOR CORPORATE	DIRECTOR TECHNICAL	DIRECTOR SOCIAL	TOTAL
SALARY	1,036,182	782 548.68	828 148.68	663,693.00	710 549	4 021 121.36
TRAVEL	180,000.00	216 000	170,400.00	192,000.00	168,000.00	926,000.00
HOUSING				142,856.52	120,000.00	262 856.52
UIF	1,784.64	1,784.64	1,784.64	1,784.64	1,784.64	8,923.20
SALGBC	99	99	99	99	99	495
Performance Bonus	132,059	132,059	132,059	132,059	132,059	660,295.88

Detail of the cost to the municipality for each political office-bearer:

EMPLOYEE NO	INITIALS & SURNAME	SALARY	CELLPHONE	TRAVEL	DATA
358	VILAKAZI MP	26,936.83	3,400.00		300.00
377	HADEBE KI	27,751.50	3,400.00		300.00
380	SIMELANE K	20,989.75	3,400.00		300.00
381	MFUPHI PAM	20,989.75	3,400.00		300.00
398	BUTHELEZI FE	20,989.75	3,400.00		300.00
414	HADEBE SC	20,989.75	3,400.00		300.00
622	HADEBE MJ	16,039.33	3,400.00	4,950.42	300.00
813	DLAMINI BM	27,751.50	3,400.00		300.00
814	MSIMANGA MH	20,989.75	3,400.00		300.00
815	KHOZA ZS	20,989.75	3,400.00		300.00
816	MLAMBO SP	20,989.75	3,400.00		300.00
817	ZULU SA	53,060.92	3,400.00		300.00
818	DLADLA KS	20,989.75	3,400.00		300.00
819	SIGUBUDU PP	20,989.75	3,400.00		300.00
820	NGOZO TG	53,060.92	3,400.00		300.00
821	VILAKAZI MMS	20,989.75	3,400.00		300.00

2018/2019 FINAL BUDGET

EMPLOYEE NO	INITIALS & SURNAME	SALARY	CELLPHONE	TRAVEL	DATA
822	SIGUBUDU TA	27,751.50	3,400.00		300.00
824	MDAKANE NA	20,989.75	3,400.00		300.00
824	NDLANGISA MG	66,326.08	3,400.00		300.00
826	DLAMINI MI	20,989.75	3,400.00		300.00
827	NDIMAMDE S	20,989.75	3,400.00		300.00
828	JANSE VAN RENSBERG TD	20,989.75	3,400.00		300.00
829	BUTHELEZI MI	20,989.75	3,400.00		300.00
830	LANGA K	20,989.75	3,400.00		300.00
831	HLONGWANE SM	20,989.75	3,400.00		300.00
832	BUTHELEZI SM	20,989.75	3,400.00		300.00
833	NQUBUKA JE	20,989.75	3,400.00		300.00
835	BENGU ENN	20,989.75	3,400.00		300.00
967	HLONGWANE RK	20,989.75	3,400.00		300.00
P/A	TOTAL REMUNERATION	8,873,559.96	1,183,200.00	59,405.04	104,400.00

ANNUAL BUDGET AND SDBIP – INTERNAL DEPARTMENTS

Internal Department annual budget and SDBIP attached (Annexure C)

CONTRACT HAVING FUTURE BUDGETARY IMPLICATIONS**CONTRACT HAVING FUTURE BUDGETARY IMPLICATIONS**

Description	Budget Year 1 2018/19	Budget Year 2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Total Contract Value
Parent Municipality:						
Expenditure Obligation By Contract						
preparation of valuation roll	199,044.00	113,460.00	127,140.00	140,820.00		2,580,464.00
ABSA Loan	5,193,930	5,193,930	5,193,930	5,193,930	5,193,930	R 20 000 000

The above relates to the preparation and implementation roll for property rates charges from 01/07/2017 to 30/06/2022. Contracts attached.

The municipality raised a loan to fund the acquisition of plant and machinery.

CAPITAL EXPENDITURE DETAILS

Summary of budgeted capital expenditure by class and subclass:

ASSET CLASS	BUDGET
ROADS	18,170,050.00
COMMUNITY HALLS AND SERVICE CENTRES	8,547,736.00
SPORTFIELDS	6,077,214.00
OFFICE FURNITURE	805,000.00
OFFICE EQUIPMENT AND COMPUTERS	200,000.00
MACHINERY AND EQUIPMENT	1,675,000.00
TOTAL CAPITAL EXPENDITURE	35,475,000.00

LEGISLATION COMPLIANCE STATUS

The municipality received a clean audit in 2016/2017 which implies the municipality complies with applicable legislation and does not foresee any non-compliance issues in the near future.

OTHER SUPPORTING DOCUMENTS

ANNEXURE E attached: Depreciation calculations

ANNEXURE F attached: Salaries workings and organogram

ANNEXURE G attached: Property rates and valuation roll

ANNEXURE H attached: Contracts having future budgetary implications

QUALITY CERTIFICATE

I, **Siza Sibande**, Municipal Manager of Okhahlamba Municipality hereby certify that the **Final Budget and supporting documentation** have been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act, and that the Final budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: **Siza Sibande**, Municipal Manager of **Okhahlamba Local Municipality (KZN 235)**

Signature.....

Date.....